

United States Senate

WASHINGTON, DC 20510

October 6, 2005

The Honorable Rob Portman
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Portman:

As the agriculture negotiations in the World Trade Organization (WTO) intensify in advance of the December 14 Ministerial in Hong Kong, we are concerned about reports of unbalanced and unreasonable negotiating demands from other countries regarding agriculture. Proposals from the European Union (EU) and others that would dramatically reduce U.S. farm support while doing little to create new trading opportunities for American producers cannot be the basis for an agreement.

U.S. producers already operate in one of the world's most open markets while facing many barriers in export markets. In addition, producers face disadvantages on trade-distorting subsidies with respect to the EU, an important competitor in many products and a market that is effectively closed to some of our top exports. Restoring more balance to global agricultural trade, as well as obtaining concrete new opportunities for our farmers, ranchers and food processors must result from these negotiations.

We believe that an agreement that genuinely results in a more market-driven international trading system would be good for the United States and for the rest of the world. Unfortunately, it appears that some of our trading partners are asking for a lot while offering very little. Therefore, we have identified the following principles that must guide any WTO agreement that will gain our support.

1. Substantial improvement in real market access. WTO rules allow foreign countries to charge tariffs much higher than allowed for in the United States. Additional barriers to U.S. exports come in the form of highly questionable sanitary and phytosanitary barriers. Many of the world's largest and richest countries are not living up to the existing science-based rules of the WTO. A WTO agreement must substantially address the global disparity in existing tariff levels and deliver tangible new export opportunities for U.S. agriculture.
2. Greater harmonization in trade-distorting domestic support. At current exchange rates, WTO rules allow the EU more than four times the amount of "amber box" support than the United States. This encourages surplus production by our competitors and undermines the ability of our producers to compete in global markets. Japan also is


allowed greater access to "amber box" support than the United States. We understand that trade-distorting domestic support will face new limits in a Doha Round agreement. However, a WTO agreement must substantially address this current disparity and also ensure that competitive producers in other countries, such as Brazil and Argentina, reduce their trade-distorting support.

3. Elimination of export subsidies. According to WTO notifications, the European Union spends nearly €3 billion on export subsidies, almost 100 times the amount spent by the United States. These subsidies provide unfair advantages for EU exports and take sales from U.S. and other producers. A WTO agreement must eliminate export subsidies and unfair activities of state trading enterprises by an early date while permitting the operation of legitimate food aid.
4. Greater certainty and predictability regarding WTO litigation. WTO rules need to provide greater certainty and predictability so that farm programs designed to meet WTO requirements are not subject to arbitrary and capricious rulings in WTO litigation. A final agreement should maximize protection for farmers and ranchers while providing flexibility for new mechanisms to maintain the farm safety net.


We want to work with you to ensure that your efforts will meet these principles and result in the opening of additional markets for America's farmers and ranchers. However, let us caution you that the negotiations and modalities should not preempt the responsibilities and prerogatives of Congress. The agriculture negotiations can set the broad parameters of spending limits, but they should not write the next farm bill which Congress will be reauthorizing in 2007. We are looking forward to a successful conclusion to the negotiations, but not at the risk of a bad agreement that lacks the support of farmers and ranchers in the United States.

Thank you for your attention to these concerns. We look forward working with you on this and on other important issues.

Sincerely,



Senator Saxby Chambliss
Chairman
Senate Committee on Agriculture,
Nutrition and Forestry



Representative Bob Goodlatte
Chairman
House Committee on Agriculture